

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

**ABAG Power Executive Committee
Meeting 2005-05**

August 17, 2005

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

In the absence of the Chair and Vice-Chair, Executive Committee Member Terry Mann opened the meeting with introductions at 12:15 p.m.

Committee Representatives Present

Mark Akaba
Richard Averett, Chair
Ed Buonaccorsi
Terry Mann
Jennifer Mennucci

Jurisdictions

City of Vallejo
City of San Carlos
City of Santa Rosa
County of Contra Costa
Golden Gate Bridge District

Committee Representatives Absent

Steve Sprotte, Vice-Chair

City of Union City

Staff Present

Joseph Chan
Jerry Lahr
Vina Maharaj
Ken Moy

ABAG
ABAG POWER
ABAG POWER
ABAG

PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

APPROVAL OF SUMMARY MINUTES OF JUNE 15, 2005 MEETING

Motion was made by Akaba/S/Mennucci/C/4:0:0 to approve the Summary Minutes of June 15, 2005 Executive Committee Meeting.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations

Jerry Lahr provided the members with the monthly Summary of Operations report for FY 2004-05 and 2005-06. He said the Gas Program's cumulative savings in April, 2005 was as high as 12.3%,

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fell down a percent to 11.3% in May but is expected to continue at the same level into June. Lahr said he expects the program to end the financial year with a total savings of approximately 10%.

Lahr mentioned that since July, 2005, natural gas prices have continued to go up and currently they are above the \$9.00 range. If the prices continued to go higher than the estimates in the POWER budget, then he would have to take a look at whether a change needed to be made to the members' leveled charges.

Draft Operations Manual

Chairman Richard Averett joined the meeting at this point.

Lahr provided the members with a draft Operations Manual for ABAG POWER and requested members' input and discussion on various sections in order to streamline the Manual for presentation at the Annual Board meeting. He said that the Manual will be an additional document intended to provide guidance and structure to operational issues that are not covered in ABAG POWER's JPA, Bylaws, Core and Noncore Natural Gas Aggregation Agreements.

Various suggestions and comments were made by the members, as follows:

Gas Purchasing (page 5)

The Program to keep a purchasing log for natural gas purchases and have another assigned staff member to countersign the purchases.

Natural Gas Rate (page 5)

- List both core and non-core rates.
- Add a statement defining Citygate and the additional transportation costs for gas delivery.

True-Ups (page 7)

There was a discussion about why storage costs were being allocated to core accounts only. Lahr mentioned that the program purchases storage because it is required to for its core customers. Non-core customers receive a small benefit from storage by being in the pool with the core customers, however, Lahr said that it was difficult to assess the percentage of the benefit. He recommended that at present the non-core customers don't get charged for storage. Members agreed with the recommendation, however, Lahr was asked to follow-up on this issue.

Final Payments to Opt-Out members (page 7)

Change the subject to "Opt-Out members".

Deposits (Page 7)

Members agreed that it was a good idea to have an annual reconciliation of working capital deposits.

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Joining the Program/Approval of new members (Page 9)

Suggestion was made to add language to the effect that approval of adding new members to the program would be at the executive committee's determination of its effect on the existing members, with the objective of benefiting all members to increase purchasing power, marketing and other benefits.

Direct Access Service Request (DASR) Process (page 11)

Under criteria for additional working deposit, add a statement to the effect that if the accounts to be added are x% or greater than the members' current usage, that the program charge additional working deposits.

"Mid-Term" exit of members (page 13)

- A suggestion was made to add to the third line "...if another entity of "comparable usage" eligible to join..."
- Reconstruct and modify to the effect that new members be brought in and the existing member wants to assume responsibilities.

FUTURE BILLING OPTIONS

Utility Management Services Quote

Lahr provided the members with a proposal from Utility Management Services towards constructing a utility billing system for ABAG POWER. He said that staff has been looking at various options for ABAG POWER billing services, one of which was to bring the billing in-house to ABAG. Staff had originally thought that ABAG's Oracle accounting system would be able to provide this entire service, however, on investigation, it seems that it would be cheaper to purchase an additional billing software and combine it with Oracle. The plan would be to use Oracle to do the accounting and produce individual invoices to members, but have an additional software such as the Utility Manager to produce customized reports.

There was a general discussion on various subjects related to billing and several suggestions were made such as to find out what other organizations are using, sub-contracting with other public agencies and negotiating with new vendors. Lahr said that he will continue to provide update to members.

LOCAL GOVERNMENT ENERGY PARTNERSHIP

Lahr provided an update of the LGEP Program. He said the program had enrolled a total of thirty-four entities and was effectively on its way to meeting its enrollment goal of thirty-five. The program is currently set to expire in March, 2006, however ABAG in partnership with Energy Solutions had submitted an abstract proposal to PG&E to continue the program through 2008. LGEP has been short listed by PG&E and the final approval will come around late September.

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SOLAR SERVICES PROPOSAL

Lahr provided the members with an unsolicited solar energy proposal from A-NetEnergy/SunEdison indicating that he was unsure whether ABAG POWER membership could benefit from looking at this particular proposal.

There was a discussion about the pros and cons of accepting such a proposal. Members agreed that it was not in the best interest of the program to accept this type of proposal and/or send it out to members at large, unless the Program specifically endorses one after careful analysis and eradication process.

ANNUAL BOARD MEETING

There was a general consensus amongst the Executive Committee to hold the 2005 Annual Board Meeting on October 24, 2005 from 10:30 a.m. to 1:00 p.m. at the ABAG Auditorium. The regularly scheduled Executive Committee meeting of October 19, 2005 was to be cancelled.

CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

Chairman Averett reported out of closed session that an update was provided by staff to the Executive Committee. No action was taken in closed session.

ADJOURNMENT

Chairman Averett adjourned the meeting at 2:05 p.m.

/vm

*Example of a motion – *[Member No. 1/S/Member No. 2/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions